

# LATIN AMERICAN REPORT



VOLUME III

NO. 4

**HEMISPHERE:** What can be done to help the coffee producing nations recover their economies?

**ARGENTINA:** Doctor Risieri Frondizi on Latin America's educational system.

**UNITED STATES:** A conservative's look at U.S.-Latin American relations.

**GUATEMALA:** The doors of Antigua, heritage of a bygone era.

## THE DOORS OF ANTIGUA





## Seven to one

*"... the contribution of the United Fruit Company to the economies of the six countries\* is enormously advantageous . . . it has been leaving within the production area more than \$7 for every dollar in profits withdrawn . . ."*

This quotation is one of the highlights of the comprehensive study of the United Fruit Company operations in Latin America which was made by Sr. Galo Plaza, ex-President of the Republic of Ecuador, and Stacy May, well-known economist, for the National Planning Association,† an independent research group.

†Series on United States Business Performance Abroad, NATIONAL PLANNING ASSOCIATION, 1606 NEW HAMPSHIRE AVE., N.W., WASHINGTON 9, D.C.

## United Fruit Company

General Offices: 80 Federal Street, Boston 10, Mass.

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# LETTERS

## LAR As Source Material

Dear Sir:

I have been commissioned by the American Enterprise Association of Washington, D. C. to study the problem of Government control of oil imports. From this study will emerge a report that will be published this June.

Will you kindly send me a copy of Latin American Report of June 1957, as it bears on this subject?

Other issues pertaining to this problem will be appreciated.

Yours sincerely,

WILLIAM H. PETERSON

Summit, N. J.

## Help For LAR

Dear Sir:

My original interest in Latin American Report started with a realization that your magazine was filled with factual reporting of Latin America in a way that would interest most Americans and give them a true picture of what Latin America needs for its progress. The Americas have so much to offer each other for mutual betterment, but most of these things are a mystery to the man in the street and to business and professional people.

I devote my time exclusively to opening Time Deposit accounts in Mexican Banks that pay a high interest rate for depositors from all over the world. My modest and conservative activities were the subject of a Question and Answer article in your magazine of July, 1958. While I have devoted several years to this work and have had wide publicity, your article more than doubled these bank deposits here. This flow of money increased bank credits to our many industries.

Latin American Report could do a far greater job for the Western Hemisphere if it had the following cooperation from individuals, corporations, governments and trade associations in two ways:

1. SUBSCRIPTIONS. Subscriptions to Latin American Report should be sent to men and women in key positions everywhere who deal with Latin America and need this factual reporting to do things both small and large for Inter American progress and understanding. All of us should consider this money well spent.

2. ADVERTISING. Hundreds of executives of concerns doing a profitable business in Latin America receive your magazine. Each of them should see that their company and their products are featured in Latin American Report. By doing so a dual purpose is served—actual sale of goods and enhancement of company prestige. Equally important, it will provide revenue whereby Latin American Report can enlarge its coverage of the subjects that English speaking readers need to know about Latin America.

North Americans generally are friendly, interested and sympathetic to the needs and aspirations of the Latin Americans. Those of us who live with the problems involved realize that our greatest need is accurate presentation of our needs and difficulties to those who can and desire to understand and help us. I see no better way than enlarging the coverage of Latin American Report and a wider distribution of your magazine. This can only come about by more advertising and circulation. This is a job for private initiative. Everyone interested can afford to buy or give a subscription and every concern doing a profitable business in Latin America should support your fine work with advertising.

WILLIAM E. HUGHES

Monterrey, N. L. Mexico

## Wrong Picture

Dear Sir:

How many readers wrote in to tell you that the picture on Page 19 of the November issue of LAR is Assis Chateaubriand, Brazilian Ambassador to the Court of St. James and not President Kubitschek as captioned?

EVERETT J. BURLANDO

Alexandria, Va.

Seventy two. And it's Kubitschek with a "k"—Ed.

## Kudos

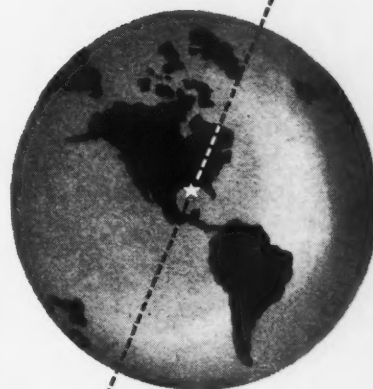
Dear Sir:

I am interested in Latin America and I have enjoyed your articles in Reader's Digest very much.

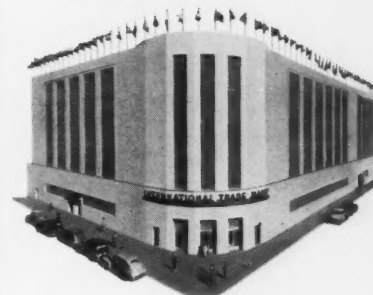
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**Anti Aid Argument**

Dear Sir:

Throughout the capitalist world hundreds of panaceas are being offered for adoption with the purpose of promoting prosperous sellers' markets. The one proposed by Dr. Julius Klein, involving our aid in the development of productivity in other lands, chiefly in Latin America is one of these. The objective he wishes to gain is the increase of living standards in undeveloped nations on grounds that higher living standards will create greater demand for our products in such nations. What the well-meaning doctor is proposing is that we subsidize competition for trade in the world market to give ourselves competition. Any school boy should realize that when an undeveloped nation becomes highly industrialized it finds itself in the position we find ourselves. To stabilize domestic demand we are forced to tap foreign demand. Only an optimist will believe this condition would not develop in those nations in which we are trying to expand agricultural, industrial, and other facilities.

Besides, development of production in undeveloped nations costs the government money. This cost of government increases the cost of living. A rise in the cost of living decreases the buying power of the dollar. Tis thus Doctor Klein's solution among other inequitable factors involves a decline in the dollar's buying power which already is creating an inequitable situation for millions of people in this country.

Very truly yours,

WILLIAM S. W. DAY

*Alpena, Michigan*

**Toasts**

Dear Sir:

For the past several years I have been collecting "toasts," in English and other languages, with the intention of publishing a comprehensive book of toasts. While the selection is fairly large, I don't have enough in the Spanish language. I would like to ask the readers of the Latin American Report if they have any toasts of any description which they would like to share. For any such toasts which are included in this collection, I will be pleased to send a complimentary copy of the book when published. Please send to: John Koken, 3969 Branson Drive, San Mateo, California.

JOHN M. KOKEN

*San Mateo, Calif.*



## REGARDING CUBA

During recent weeks we have received a series of letters from subscribers asking why, during the past year, we have ignored Cuba. One reader specifically pointed out that we had not carried a story about the Caribbean island in nearly one year.

This is what another writer had to say:

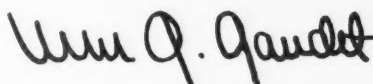
"When so much was going on, with the rebel leader Fidel Castro in the mountains of Sierra Maestra and with Fulgencio Batista daily getting weaker, news was being made in Cuba. Yet during that period you either did not know there was a Cuba, or you chose to ignore the island."

Let us hasten to explain. During that period one of our staff writers came to me at least once a week with the request that he be allowed to go to Cuba, cross the rebel lines and interview Fidel Castro. On each and every occasion I had to turn him down.

It is not that I wanted to ignore Cuba; I was most sensitive to what was going on. But Cuba was a day-to-day story, and certainly not one subject to any objective evaluation. Tempers were far too high for anyone to sit back and get a truly clear picture of Cuba.

The entire situation is still too tense and confused to permit a clear picture, one that could be written without bias. Only recently I flew to Cuba to do a series of stories for various United States daily newspapers and look into the possibility of a story for Latin American Report.

I have come away with the feeling that it is still too early to offer a clear, objective picture of the pattern which is to develop in Cuba. When tempers have calmed, and there is real stability, our columns certainly will offer a story on the new Cuba. But until then we will simply wait and watch and study developments.



PUBLISHER

Member, Inter American Press Association

**THIS MONTH'S COVER:** This out of the world vision is actually a Guatemalan cathedral, seen by the light of the moon. Kodachrome courtesy Guatemalan Tourist Commission.

**CHANGE OF ADDRESS:** Send old address, exactly as it appears on your magazine label, along with new address, including zone number. Allow at least four weeks to effect change.

# LATIN AMERICAN REPORT

*Published monthly to record and  
interpret the changing history  
of our hemisphere.*

For the period ending:

**MARCH**

**1959**

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No. 4

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**PHOTOGRAPHS IN THIS ISSUE:** 11-15, W. G. Gaudet; 16-18, D. J. Cipnic; 21, Hamilton Wright.

# UP TO D

## A Monthly Summation of

### HAITI . . .

The United States government has decided to shore up Haiti's government with loans and military aid, thus insuring the continuance of President Francois Duvalier's shaky government.

Haiti shares Hispaniola with Trujillo's Dominican Republic, the apparent next target of the Castro-Romulo Betancourt revolutionary junta. Authorities believe that the anti-Trujillo group would like to start their campaign from handy Haiti, but are not getting any co-operation from Duvalier. On the other hand, Duvalier's political foe, Haitian planter Louis Dejoie, is in almost constant conspiratorial huddles with Castromen in Havana. The inference: overthrow Duvalier in favor of friend Dejoie. The U. S. move is by way of saying "hands off other countries" to the ambitious would-be liberators.

### UNITED NATIONS . . .

The World Health Organization has announced that malaria is about to become a number one menace again. Malaria mosquitos are now resistant to DDT, the UN body report stated, and funds are desperately needed to find new insecticides. Moreover, present spraying operations, being carried on in major malarial regions, are in danger of being shut down due to the same lack of money.

The World Health Organization estimates that some \$10,000,000 a year is needed to maintain the anti-malaria program, an amount \$1,300,000 short of funds on hand for 1959. Last year the disease was responsible for almost 2,000,000 deaths.

### ARGENTINA . . .

In Peron's homeland, his followers continue to carry on what is probably one of the more hopeless propaganda campaigns of our hemisphere. Peronistas have now restored to the airwaves with a programming that shows nothing if not allegiance to their departed leader. "Viva Peron" squeaks weakly from radio sets all over the country, at unpredictable intervals and from a so far untraceable transmitter.

The cheers are usually followed by a vitriolic denunciation of the Frondizi government, and the broadcasters generally intrude their messages between the frequencies of commercial radio stations. Police suspect that the group uses a portable transmitter and broadcasts from a different location each time. The messages are usually so weak that they cannot be heard more than several miles away, and are considered to be of nuisance value alone.

### MEXICO . . .

Several U. S. newspapers have charged that President Eisenhower's recent trip to this country "didn't accomplish a thing". Nevertheless, the informal meeting may well turn out to be one of the most significant of recent inter-American relations history. The trip went a long way towards cementing better U. S.—Latin American diplomatic relations between heads of states. President Lopez Mateos has already agreed to travel to the United States within a few months, and it seems certain that his visit will be followed by those of other Latin leaders.

According to most authorities, however, what is most needed at this time is not northbound visits, but southbound ones. They claim that Latins understand the United States all too well; what is needed now is equal understanding of lands below the Tropic of Cancer, and one of the best ways to do this is to get down there and take a good look around.

### NICARAGUA . . .

The International Cooperation Administration has run into a problem of low cost that is disturbing its North American administrators. Used to higher and higher prices, the ICA got a shock last month when it was told that a Nicaraguan housing development was actually going to cost less than had been estimated.

The development, located in Managua, was planned so that prospective home owners could share in the construction work, thus reducing the cost of building the homes. As it turned out, the Nicaraguans were able to do

# on **ATE...**

## of Latin American News, Features and Events

so much of the work themselves that available funds will now erect 40% more homes than were planned. Work teams in the project consist of six prospective buyers who aid in the building of six homes, the entire team cooperating on the construction of one house at a time. They pour concrete, paint, do wiring and woodwork, and install plumbing.

The entire do-it-yourself project was set up by U.S. building experts, who made it possible for any average Nicaraguan adult to become a home builder. Instructions are simple and complete, with a model home nearby for "reference". It is estimated that the project will comprise nearly 500 homes before it is finished.

### CUBA . . .

The new U.S. Ambassador to Cuba is Philip W. Bonsal, a Foreign Service career officer with extensive Latin American experience, both in Bolivia and Colombia. Known as "anti-dictator" Bonsal, he has been warmly received by the Castro government.

Also from Cuba comes word that some Castro wagon riders have suddenly awakened to the fact that all is not well. Fidel will not play Batista's "share the country's wealth" game

with anyone. They are doomed to becoming poor but enforcedly honest former revolutionaries. Therefore, small splinter parties of men who joined Castro for personal gain are splitting away from their former leader. In the very near future we can look forward to cries of "throw him out", "he's a communist", "lackey of the gringos", "incompetant", and the final rub, "he's corrupt". All will be aimed at removal of Fidel Castro for the betterment of the thousands of grafters he put out of work.

### MONEY . . .

Two Latin nations have announced devaluations of their currency. Chile accomplished its move by lowering the peso value in bank dealings; the exchange rate is now 1,050 to the dollar, as opposed to a previous 1,000 to the dollar. This third devaluation since December of 1958 was designed to bring the official exchange rate into line with the so-called "free market" rate, and thus stabilize the nation's currency.

Nicaragua is also in a money adjusting mood, lowering the value of the Nicaraguan cordóba in order to

help out its economically starved coffee and cotton growers. With the new exchange rate, Nicaraguan exporters will be able to exchange their hard earned US dollars for more cordóbas, a real shot in the arm for the Nicaraguan economy.

### COFFEE . . .

Continuing the war against the downtrend in coffee economics, four Latin nations which grow the product have signed an agreement calling for partial withholding of exports in the common good. The subscribing nations are Brazil, El Salvador, Colombia and Mexico.

Brazil is planning to withhold 50% of its normally exported coffee from the world market, and Colombia will keep 25% of its total. The other signatory nations have not indicated the exact amounts they will withhold, but have announced that they are ready to take all necessary steps which may be required to avoid any further drop in coffee prices. There is also a concerted move being made to sell coffee in Europe, for local currency (former sales had to be in U.S. dollars), plus a possibility of Soviet bloc trade development in the field.

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# ELLENDER

on

# Latin America

#### EDITOR'S NOTE:

*Allen J. Ellender is the senior United States senator from the state of Louisiana. He has recently returned from eight weeks in Latin America, during which time he visited all but two Latin nations. He is a noted conservative southern Democrat, and, as he states, "has fought the foreign aid program hammer and tongs for nearly a decade." However, Senator Ellender is also a realist, and an important voice in the vast Democratic majority of the 86th Congress. We think his words are important.*

Latin America is of vital importance to the United States, and unless we wake up now, and take prompt and sensible steps to reinstate the Good Neighbor policy, we are going to wake up some future morning to find that Latin America has become another world danger spot.

Our neighbors to the south believe, and with some justification, that Uncle Sam has neglected them in favor of Western Europe, of the Near East, Southeast Asia, and Africa. While the people of Latin America demand economic advancement and higher living standards, realizing that the accomplishment of such things requires considerable investment capital, they have seen Uncle Sam go its merry way — taking the Latin American area for granted, and displaying interest or concern only when one of our officials is stoned, or when an American building is looted.

Many otherwise responsible people in Latin America may be turning toward the theory that the only way they can prevail upon the United States to pay attention to them is to raise a threat to our hemisphere's security. These tendencies, while definitely present, are actually manifestations of more basic causes. They are not causes in, and of, themselves. If we want to get to the source of the problem, we must look a lot deeper.

#### THE UNDER-DEVELOPED CONTINENT

Latin America, endowed with an abundance of natural resources, is still one of the world's most underdeveloped areas. Generally speaking, poverty, hunger and ignorance abound only a few miles from modern cities, which show unbounded prosperity and outward signs of almost unlimited wealth. And, as the physical features of Latin America offer studies in contrasts, so do their people. I found it to be the rule that in Latin America one finds only two economic classes — the overly rich and the extremely poor.

I therefore recommend most em-



phatically that the United States should not attempt to solve Latin America's problems by initiating a Western Hemisphere "Marshall Plan" I further recommend a modest program of well-secured loans to certain nations, the proceeds of which should be used for internal improvements and economic advancement.

In this connection, I also recommend that when such loans are made, they should carry certain conditions, not the least of which are these:

First, the recipient nations should undertake to revise their tax structures to the end that those able to pay do pay their just proportion of taxation.

Second, the benefits of economic growth must reach and be shared by all the people.

In my judgment, Latin America is going to continue to be in turmoil until these two conditions are accomplished throughout the area.

#### CREATE A MIDDLE CLASS

Unless a middle class can be created in Latin America, unless the benefits of universal education, decent housing, adequate medical treatment, and other similar social services are made available to all the people of that area, and made available by their own government, the future holds only the prospect of strife and turmoil in the lands to the south of us.

In my opinion, Latin America is being bled white by the greed of some of her own people, whereas, generally speaking, United States investors in Latin America are treating the local government fairly. A generous share of the profits of most foreign investors is being made available to the host governments. American firms are setting excellent precedents in their treatment of employees—they are offering fair wages, good elementary schools, decent housing, and medical care, among other things.

Yet, there is a growing tendency throughout the entire area to make the United States the whipping boy for generally-low living standards, which still plague the masses of the people. The facts are that while United States investors pay a fair return to countries in which they operate, the fruits of these returns are not used to benefit the people. In most cases, they come to rest in the pockets of the few, and serve to further enrich the already wealthy.

Thus the exploitation one finds in Latin America today is exploitation by Latins of their fellow men—not the exploitation of Latins by North American investors.

*Senator Ellender studies at first hand Latin America's greatest economic problem, the coffee surplus.*

#### PUT THE HOUSE IN ORDER

We must therefore convince Latin American businessmen and some public officials that by indulging themselves in tax evasion, graft, and exploitation, they are only cutting their own throats. I recommend that we, as friends, prevail upon them to set their own house in order. We must work with our Latin American neighbors to create an economic climate attractive to United States investment. We must encourage stable governments. This will require the observance of certain mutual obligations:

United States firms must agree to plough back into those countries, where they operate, a fair share of their profits. They should agree to meet certain minimum standards, involving wages, and fringe benefits for the workers, such as housing, hospitalization, and the development of a local skilled labor pool.

The host governments must agree to adopt basic internal reforms, of the type I have already mentioned, the most important being tax reforms and the termination of internal exploitation.

#### AMBASSADORS AND AGRICULTURE

I recommend that more freedom be given U.S. ambassadors in the field, and that more reliance be placed upon their judgment. If the State Department has sufficient confidence in a chief of mission to entrust him with the administration of our affairs in a foreign country, then it should have enough confidence in his patriotism and common sense to permit him to do the job as he may think best, within broad limits.

I recommend that chiefs of missions be vested with the right of review and veto over all military assistance programs, plus those of the U.S. Information Service and the International Cooperation Administration. The chief of mission is the top-ranking representative of the U.S. Government in any country. Within a given country, the chief of mission is responsible for the conduct of the foreign policy of the United States; upon his shoulders rests, for all practical purposes, the total burden of U.S. diplomacy.

I recommend that the Departments of Agriculture and State reevaluate the justification for maintaining agricultural attaches in Latin America.

Generally, I found that most of the operations of agricultural attaches are so much wasted motion. Reports on crop production and market outlooks could be done by a member of



the Embassy staff as was done in the past, thus reducing expenses in the field. As I pointed out in some of my country reports, there has been no increase in imports of surplus commodities. In most countries, food importations decreased and our agricultural attaches engage in merely making statistical reports.

#### U.S. INFORMATION AGENCY

I recommend that the press programs of the U.S. Information Service in Central and South America be terminated at once, as they are ineffective.

I specifically urge that the Information Service tailor its activities on a country-by-country basis, emphasizing the use of mass media only where obviously justifiable. In addition, in those areas where literacy rates are low—and there are many in Latin America—the publication of pamphlets, etc. should immediately be discontinued, and emphasis shifted to other more useful purposes.

I also doubt the effectiveness of the so-called intelligentsia approach, whereby subscriptions to periodicals are offered free of charge to a selected few community leaders and other public officials. In most cases, such officials are well able to afford to purchase their own periodicals; in any event, USIS-donated materials are almost universally regarded as propaganda, and, thus, are without substantial effectiveness.

I particularly urge the Information Services to conduct its operations with more finesse; the rapier is often more effective than the bludgeon. In most areas of South and Central America, the Information Service has become synonymous with propaganda and, therefore, has either lost, or is rapidly losing, its usefulness.

One of the bright lights of our information program in Latin America is the encouragement given to the establishment of binational centers. These are corporations formed under the laws of the country in which they are located, and organized by citizens of that country along with United States citizens.

The primary purpose of these centers is to provide facilities for the teaching of English, business courses, and the presentation of cultural programs, etc. Students pay a fixed fee for instruction. For the most part, the centers are self-sufficient. These binational centers are creating more good will for the United States through Central and South America than any program now being conducted by USIS.

Therefore, it is my recommenda-

tion that these centers be encouraged. However, the United States should not endeavor to take over the operation of these centers. Such an attempt would destroy their effectiveness.

In many places these binational centers are going concerns which are completely self-sufficient. I can see neither reason nor excuse for USIS or the State Department to try to take over any sort of control of this program, or even to assist in paying for the erection of buildings to house these centers. Some of our "eager beavers" are suggesting that funds derived from our surplus disposal program be used for that purpose.

So long as these centers are under local control, they will remain effective exponents of our way of life and the principles for which we stand. However, once the Information Service and the Department of State involve themselves in the conduct, financing, or housing of binational centers, then immediately such centers become suspect. Their objectivity is open to question, and their effectiveness is automatically impaired.

#### EDUCATIONAL EXCHANGE PROGRAM

I recommend that our educational exchange program be expanded. More students from Central and South America should have an opportunity to come to the United States, and more of our students should be given an opportunity to learn about our friends to the south.

I further recommend that, insofar as the Latin American exchange students are concerned, great pains be taken to select students from the so-called lower classes. Economic status should not be made the criteria for further education; in addition, the offspring of poverty-stricken families should be encouraged to better themselves in order to return among their neighbors and assist in raising their living, health, and educational standards.

A studied effort should be made to avoid associating the exchange program with the prevailing tendency in some areas of Latin America to further educate the educated and ignore the schooling of the masses.

#### NEW DEVELOPMENT CAPITAL

I recommend that the United States make available limited-amounts of development capital on a co-operative basis, that is, in conjunction with local capital, preferably through the creation of a Bank for Western Hemisphere Development. Such capital could be used to encourage small businesses. Latin American public officials, businessmen, and labor leaders do not want charity, or handouts.

However, since Latin America

does need a source of capital which would permit the rapid implementation of social reforms, capital to defray the initial cost of such things as schools and hospitals, I recommend such in the form of loans, repayable out of the fruits of internal development, over reasonable periods of time.

The United States is beginning to thirst for certain basic raw materials—materials which we must have if the wheels of industry are to keep turning—materials for which we have a growing need today, and for which we will have a tremendous hunger, just a few years hence. Unless we have these raw materials, not only will the position of the free world be weakened, perhaps disastrously, but future generations of Americans will be saddled with the prospect of falling living standards. And Latin America has an abundance of these raw materials.

#### UNITE ECONOMIES

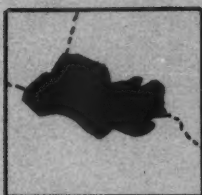
It would be to our mutual benefit to assist our Good Neighbors to the south in developing these materials, while, at the same time, creating among the people of South and Central America a vast pool of potential consumer demand for items manufactured in the United States. It may be that we should in some way enmesh our own economy into theirs.

This makes good sense, and actually, we have no alternative. Recent events in Cuba demonstrate the extent to which once-firm friendships can be threatened by irresponsible demagogues, playing upon the inherent desires of all human beings for a better way of life, for freedom, and for honesty in government. I am convinced that the future of our businesses, our people, our economic growth, are tied directly to conditions in Latin America.

**NEXT MONTH:**

**Cuba's Star  
Ballerina  
ALICIA ALONSO**

# EL SALVADOR



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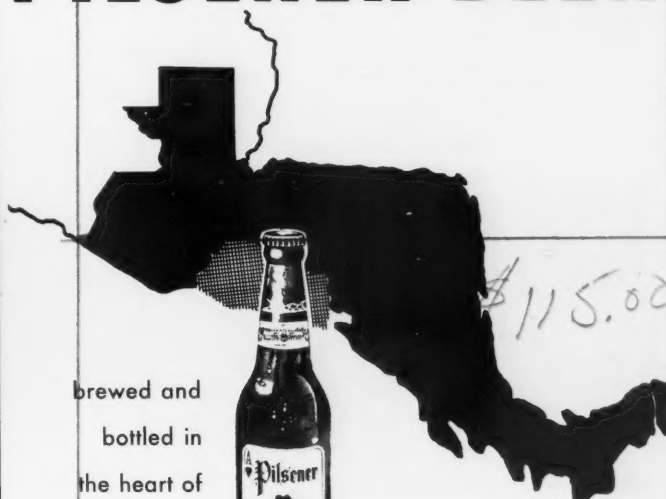
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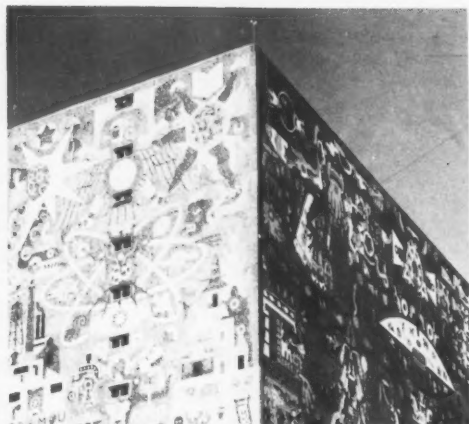
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Of all the more famous cities of the Americas that date back to the days when Spanish Conquistadores ruled in all their regal splendor, none offers a more romantic, colorful, spectacular or tragic past as Santiago de Los Caballeros de Goathemala, as Antigua, Guatamala was called when it was the capital of the Kingdom of Gutamala, from 1541 to 1773.

Romance and color are in the memory of Don Pedro de Alvarado, who, accompanied by a mere handful of men at arms, struggled against tremendous geographic obstacles and then fought bitter indian hostility to establish the Captaincy General for Royal Spain.

The spectacular remains in its 50 churches and convents, among the most impressive ever built by the Spaniards. Even the physical setting of Antigua is impressive. Three great volcanoes, Actatenango, Fuego and Agua stand silent, ominous guard over the city and its 80,000 inhabitants.

The tragic came with a series of earthquakes in 1773, one of which destroyed so much of the city that the seat of government was moved to what is now modern Guatemala City, to end two centuries of colonial splendor.

What of the people who lived there? It is one thing to point out that the University of San Marcos was the third to be established on the American continent, but was it really a city of culture, of artists, and of craftsmen? Beyond that, did the people, who were neither artists nor craftsmen appreciate the work of the artisans?

The mere fact that great writers, such as the Jesuit poet Rafael Landívar y Caballero, and Bernal Diaz del Castillo flourished in the atmosphere of Antigua is testimony that literary efforts were appreciated. In the same vein, the doors of the private homes, the churches, the convents and public buildings, represent evidence of the fine cultural sensitivity of the inhabitants who made Antigua one of the truly great colonial cities . . . a greatness which could not be destroyed despite the disruptive violence of a wave of earthquakes.

For many years the beauty and artistry of the doors were overlooked, just as many of the homes were forgotten. Many of them reflected the ravages of time, augmented by lack of care. All this is now being changed; the homes are being restored, and once again the doors of Antigua reveal the splendor which was commonplace for more than two centuries under Spanish rule.

Looking now at the doors themselves . . .

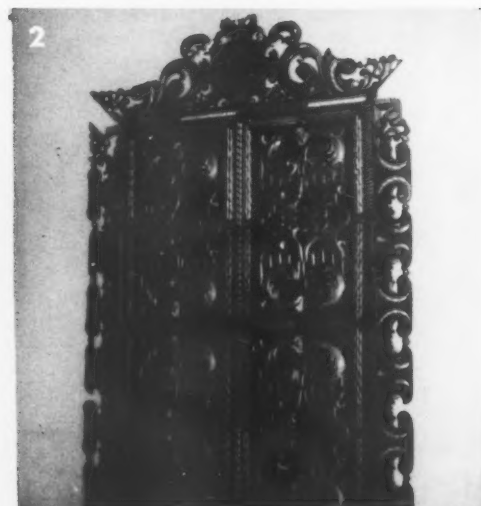


1

The Royal and Pontifical University of San Carlos, one of the first Universities created during the colonial era and the third on the continent, after Lima's and Mexico's. It seems that the desire to have a university center in Guatemala existed long before the fact. In 1581 the municipal government had already asked the King of Spain to establish a university in Antigua, but it was not until 1675 that it actually came to be.

2

Entrance of the Episcopal Palace. Now in ruins, it was considered a gem in the "Noble and Loyal City of the Knights of Saint James of Guatemala", as Antigua was once called. Between 1543 and 1773, sixteen Bishops and three Archbishops lived behind these doors. In the latter year came the great earthquake, and the capital was moved to Guatemala City, 25 miles away. The door is carved and gilded, with scarlet background, and is housed in the Colonial Museum.



3

Inner door of Bernal Díaz del Castillo's home in Antigua. He was the author of the classic "True History of the Conquest of New Spain", was born in Spain and died in this city about 1570. The house is in a state of ruin and disrepair, occupied by a family whose financial resources do not permit them to keep it in good condition. This beautiful gilded door, therefore, is covered with grime and soot.

4

This door of carved wooden bars is located in the ruined part of the Cathedral of San Juan del Obispo. The church, built in 1669, was divided into five naves, of which the center one was the largest. The main altar was surrounded by 14 columns, topped by a tortoise shell dome decorated with bronze arabesques. Beneath this altar rest the remains of the family of Don Pedro de Alvarado, Conquistador, and those of Bernal Díaz del Castillo, historian and companion to Cortes.



5

Another beautiful door, this one opens into the Sacristy of the Third Order of Franciscans. This is the only surviving chapel of a vast and monumental building which housed the Franciscans; it was another of the earthquake's victims. This area is a deeply venerated shrine, for the remains of Brother Pedro de Bethancourt, the Saint of Guatemala, benefactor of the poor, lie here.



6

The dramatically beautiful entrance to the Chapel of the Third Order of Franciscans is only slightly less imposing than the gold door seen above. The Franciscans arrived in Guatemala in 1544, and by 1583 were operating schools, chapels and a convent. According to extant records, this was the entrance to one of the wealthiest spots in the new world. Franciscan altars were done in gold, silver and precious stones, and there are paintings of thrones and other wonders which, tragically, never reached our day.

7

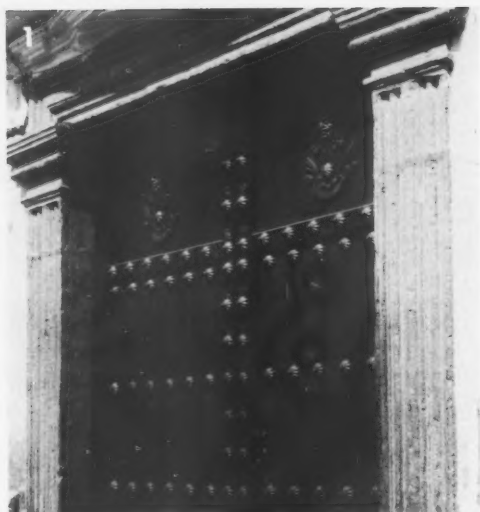
Antonio and Juan Barraneche were rich merchant brothers who lived in this house near the street of the Silversmiths, where they did much trading. They left for Spain in 1715, without their treasure trove, which is reputed to be on the property, or at least nearby. There are tales of phantoms and ghosts, the Barraneches returned to guard their wealth, but this has not stopped many from digging for the suspected riches—and finding nothing. This doorway is one of the most unusual in Antigua, due to its massive stone surroundings. Some say this was to keep thieves from breaking in the doors.



8

Portal of the Parish House of the Ciborium, in the Cathedral of Antigua. This house is located south of the church itself, and is now inhabited by the parson. Note the papal arms over the arched doorway.





①

Doorway to the old Chamorro house, located on the corner of 4th Avenue and 6th Street. Its builder, Don Francisco Ignacio Chamorro, was the second mayor of Antigua. He fled the city after the earthquake of 1773, leaving behind him his home, still in almost perfect condition. It has been a hotel, and most recently was purchased by the Guatemalan government.

②

Portico of the Vazquez house, Street of the Nobility. Above the doorway is the family's coat of arms, still to be seen on many houses. They are the heritage of a time when many noble families lived in the city, and others received titles from Charles III for distinguished military or civil service.



③

Doorway to the house of the contemporary poet Cesar Brañas, born in Antigua, and considered one of the best poets in Guatemala. Much of his great literary output has been dedicated to his native city. The house is situated at 2a. Calle Oriente.

④

On the corner of 5th Street West and 1st Avenue South stands this house, built between 1632 and 1638 by Dr. Luis de las Infantas Mendoza y Venegas, graduate in law from the University of Salamanca, Spain. He was sent to Guatemala by his king as Judge of the Royal Court. The house is Spanish Moor in architecture, and was restored in the early 1930's by Dr. Wilson Popenoe, the present owner.





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# INTERVIEW: DR. RISIERI F

Doctor Risieri Frondizi is not the President of Argentina, though he was constantly mistaken as such on his recent trip across the United States.

"This shows you", Doctor Frondizi said, "just what lack of communication and information between our countries can lead to".

Actually, Risieri Frondizi is an educator, not a politician. He is one of his country's most noted philosophers and also Rector of the University of Buenos Aires. There is probably no one else in Argentina today more qualified to speak on educational problems in that part of Latin America.

For our readers' information, Arturo Frondizi, the President of Argentina, is Dr. Frondizi's brother.

**Q.** Doctor Frondizi, does the curricula of United States universities differ from universities in your country, and if so, in what ways does it do so?

**A.** Our schools are on a different basis. We have the European or continental curriculum. For example, we need a junior college certificate to enter a university. Moreover, European and Latin American universities are more intellectual than the United States' in the sense that we pay less attention to extra-curricular activities. We pay attention mainly to intellectual studies and scholarship.

**Q.** What is your opinion on the importance of faculty and student exchange between North and Latin American countries?

**A.** I think it is very important to have exchange on a faculty and graduate student level. I would not have it on the undergraduate level because the students do not know exactly what they want. We do not have any student exchange between Argentina and the United States at present. We do have exchange programs with European universities, however. One of the things on the agenda of the coming International Education Conference will be ways and means of implementing such an exchange program.

**Q.** How do you think such a program could best be worked out?

**A.** A one-to-one exchange program between United States universities and Latin American universities would be best. One man from the North American university should be exchanged for one man from the Latin American university. We would offer the North American student a chance to learn Latin American history, culture, anthropology, and so on. In return, our student in the United States would learn some of the technical skills we need in Latin America.



# FRONDIZI OF ARGENTINA

**Q.** Is such an exchange program important to better United States-Latin American relationships in general? Will it help on the practical level?

**A.** Yes, because personalities are shaped by a variety of experiences. Our students and yours are getting just one type of experience now. Different types of experience are important. We even have different world views, so I think it is very important that North American students go to Latin America to get this experience themselves. Living an experience is something you cannot make substitutes for by reading books.

**Q.** Would you say that lack of general education for the masses has led to many of the problems faced by Latin American nations?

**A.** Education has to do with that. Economic and sociological problems are also responsible, but even some of these can be solved through education via technical and agricultural instruction of the people.

**Q.** Do you think, then, that the Latin American educational system could better use technical courses, rather than the intellectual line of study now followed?

**A.** I think we must have both. We cannot give up our humanities tradition but, at the same time, we will have to pick up American know-how and knowledge of technical problems concerning public health, economics, public administration and business administration.

We emphasize and, I would say, even over-emphasize the humanities in our universities. We are shifting to pay more attention to the basic sciences and to technical programs.

**Q.** Do the majority of your citizens and citizens of neighboring Latin American countries get to attend the universities?

**A.** They do have the opportunity for doing so. We have eight universities in Argentina and they are all state supported. Tuition is completely free, but one drawback is that we do not have many facilities for boarding students. Therefore, most of our students are city dwellers who live nearby the schools they attend.

**Q.** Why is it that we find students and professors generally in the lead of political upheavals in Latin American nations?



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**A.** They are politically minded, which is another difference we have with American students. I might add that they are too much concerned with politics sometimes, and it is a tradition that the students and the professors are supposed to fight dictators. We are supposed to be critical of the attitude of government; thus we are always the opposition. I personally think it is a good idea that we check any kind of strong man government in this way.

**Q.** Do Latin American people in general expect students and professors to take such a lead?

**A.** To a certain extent they do and, at the same time, we feel it is our duty to do so. The general public supposes that we know how things are running, and we have ideas and the responsibility of telling them what we think of the attitude of the government and how things should be done.

**Q.** So even though your universities are, to a great extent, state supported, you will often find university groups which are opposed to those providing the funds for the school's operation?

**A.** Our schools are supported by the government, but they are completely autonomous. At the University of Buenos Aires, for example, the only connection we have with the government is that we get the money from it. On the high school level we find that both the federal government and regional states operate schools. We do not have any city run high schools. The primary schools are also run by the local states.

**Q.** Why do we find this opposition of students so constant? It seems that no matter what the government, they are opposed to it.

**A.** The reason is that democracy is not settled yet in Latin America. You always have new ideas helping to develop us along democratic lines. The students help keep the people alert to these possibilities by spaking up as they develop the ideas.

**Q.** If more Latin American people, the general masses, were educated to a higher level, would we find democracy safer on your continent?

**A.** I think so. At the same time, however, to educate more people to a higher level we will have to change some of our economic and sociological conditions. These things are interrelated.

However, I think the raising of the educational level of Latin American people will do away with dictatorship. I am almost sure that Argentina for example, has seen her last dictator. We certainly do not need another one.

**Q.** How about education at secondary school levels? Do Argentine grade schools provide a good educational beginning? Are these schools free?

**A.** All elementary schools are free. It is the law of our land that the student must attend school until he is 14, so if you do not send your child to school you are breaking the law. Besides the usual high schools we also have a lot of business schools and what we call industrial schools, or semi-technical schools. Thus the rate of illiteracy in Argentina is very, very low. However, I must state that in some of our neighboring countries it is quite high; Bolivia and Paraguay are good examples. Argentina and Uruguay have the lowest illiteracy rate.



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## TRADE NOTES



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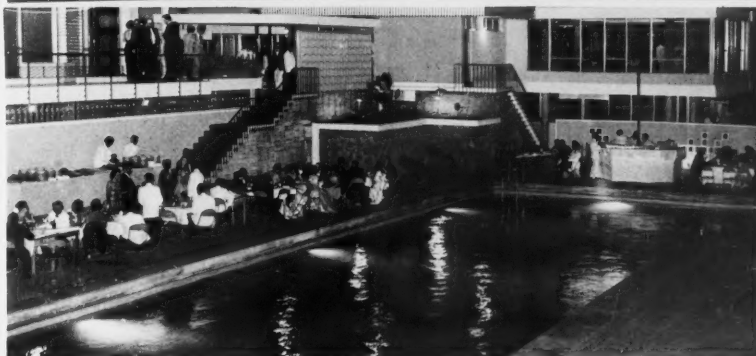
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# TRADE NOTES

## BOLIVIA . . .

Gasser y Cia., Bolivian sugar millers, have been scheduled to receive a \$2,500,000 loan from the U. S. Development Loan Fund, and are now in the market for U. S. mill machinery. The plant is expanding its operations from 12,000,000 to 34,000,000 pounds of sugar a year. Write to Gasser y Cia., Industries "La Belgica" S.A., Santa Cruz, Bolivia.

## BRAZIL . . .

Comercio e Transportes Grais S.A., importer and distributor of auto parts, is going into the shrimp business. The company seeks U. S. capital, machinery and technical know-how on a joint venture basis. They have surveyed the shrimp industry and found opportunities attractive. Contact: Jose Rodriguez Bueno, Avenida Almirante Barrisi 90, 5.0 andar, sala 510, Rio de Janeiro, Brazil.

Campinas, a city in Brazil, needs a telephone company. The municipality is accepting bids for the installation and maintenance of a telephone system in the city. Write to: Municipality de Campinas, Sao Paulo, Brazil.

BERGOM, Brazilian industrial combine, would like to enter the auto business, manufacturing mechanical components for Brazilian-made cars. The company has been established for 14 years, currently manufactures refrigeration and other heavy equipment. Needed is \$300,000. Write to: J.M.G. Herrera, BERGOM, rua Jose Bonifacio 458, Rio de Janeiro, Brazil.

Built-in furniture partnership wanted. Contact: C. A. Schneider, Av. 13 de Maio, andar 20, sala 7, Rio de Janeiro.

Cattle ranch for sale in Matto Grosso. 35,000 acres along a river with both pasture and hardwoods. Located near Barra de Garcas. Write to Paulo de Castro, Rua Vinte 82-C, Goiania, Goias, Brazil.

## CHILE . . .

The Chilean fishing company, Sociedad Elaboradora y Distribuidora de Pescado Margan, is seeking U. S. equity capital to expand its fleet and packing operations. Approximately \$200,000 is sought to develop a plant for the packing of frozen swordfish, tuna, mackerel, bonito, and other such fish. Part of the money will be used to construct a fish meal plant. Write to the company at: Casilla 471, Arica, Chile.

## COLOMBIA . . .

The Fourth International Trade Fair, at Bogota, is expected to open myriad new trade opportunities to U. S. investors and businessmen. To be held August 6-22 at the Bogota fairgrounds, the fair area comprises nearly 390,000 square feet of space. All service features available at international expositions will be available, and articles for exhibit will be admitted duty free, excepting automobiles. For more information write to the Corporacion de Ferias y Exposiciones S.A., Bogota, Colombia.

## CUBA . . .

197 trade items have been declared luxuries by the Cuban government, and may henceforth be imported only by obtaining letters of credit and an import license for each commodity. The letter of credit will have to come from the Cuban Monetary Stabilization Board, applied for through authorized banks.

A complete list of the license items includes virtually all foodstuffs, beverages, jewelry, autos, boats and airplanes, electric appliances, ceramic made articles, cameras, furs and other products. The U. S. Department of Commerce has a detailed list of these items at its various Field Offices.

## GUATAMALA . . .

The Guatamalan Congress has approved a new customs tariff which replaces the entire previous set of import-export levies. The new laws are designed to pull up the nation's sagging foreign exchange reserves. It

is expected that the benefits of the taxes will be nearly offset by still dropping coffee and cotton prices, however.

## ECUADOR . . .

This country has recently received a World Bank loan for highway construction, and is very much in the market for all kinds of road maintenance equipment. Over 888 units in 17 types of such vehicles are needed. Contact the Minister of Public Works, Quito, Ecuador.

## ARGENTINA . . .

A change in all Argentine tax laws has raised the levy on foreign corporations doing business in the country. Formerly taxed at 35% of net income, the rate has jumped to 38% of net. Corporations organized within Argentina will continue to be taxed at 30% of net income. This, plus a multitude of changes in allowable deductions, has considerably changed the Argentine tax structure, and interested parties are advised to examine the full report in Boletin Oficial, Jan. 15, 1959.

Sociedad Mixta Siderurgia Argentina, steel plant owners, are seeking U. S. capital to help build a chemical plant alongside their coke mills, utilizing the byproducts thereof. SOMISA estimates that they'll have their plant in operation by the end of 1959, with considerable quantities of naphtha, benzol, tar and tar oils, and other chemicals available. Write to: Ing. Hector Reich, SOMISA, Belgrano 1616, Buenos Aires, Argentina.

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*The bean that abounds; coffee sorting table on a Colombian plantation.*



From the standpoint of dollar value, coffee is the largest single import into the United States. More specifically, no other commodity that we buy from any nation in the world equals the value of the 20-odd million bags of green coffee we import each year from the countries where it is grown. And the bulk of these coffee imports, of course, are from Latin America.

Coffee is the second largest item of importance in total world trade. Fourteen Latin American republics grow and export coffee, and seven of them depend upon it for the major source of their dollar revenue. In Colombia, the percentage runs as high as 82.5 per cent.

#### **FOUNDATIONS OF ECONOMIES.**

The significance of these facts, and the degree to which they influence total inter-American trade are quite obvious. In the countries where coffee is king, it is the foundation of their economic structures. Goods which these nations import from other countries of the world are, for the most part, paid for with coffee revenues. Budgets are planned with the expectation that coffee will provide the largest portion of income.

A dramatic example of these nations' dependence on coffee is found in the case of Brazil which, in 1956, exported nearly 17 million bags of green coffee to consuming countries. With that volume, a decline in price of one cent per pound, if not recovered over a twelve-month period, could cost Brazil 22 million dollars. Coffee, in such countries, also exerts strong influence on employment,

both on the plantations and in the many other industries which are, in one way or another, allied to coffee processing, warehousing, shipping and marketing.

The Latin American nations' heavy dependence on coffee means that, if coffee commerce is maintained at a healthy, stable pace, they will be able to import more farm machinery, more pharmaceuticals, more chemicals, and more of many other strategic commodities made and sold by nations such as the United States. And if coffee commerce diminishes, there will be fewer dollars to buy foreign goods and, therefore, a decline in imports which will hurt the "selling" countries of the world.

**INDIRECT EMPLOYER.** In 1955 the 14 Latin American coffee-growing countries spent 2.7 billions of dollars in the United States alone, buying products of every description. The production of goods represented by that sum gave employment to 370,000 U.S. farmers and production workers. And of those 2.7 billion dollars worth of purchases, 42 per cent was paid for with dollars earned from coffee exports.

Now, the state of health of the international coffee industry today is not robust. To put it bluntly, it is ailing.

In a very literal sense, the world of coffee is afflicted with a severe case of growing pains which are harassing its efforts to attain some measure of stability. It is plagued with surpluses and a deficiency of demand. Moreover, coffee production is continuing to outstrip con-

sumption, despite an upward trend in consumer demand.

The United States has sometimes been accused of being indifferent to the plight of her sister republics in Latin America. It is maintained that some of the nations which fought the United States in World War II are being treated better than some of those who were our allies. And yet, during the past year, the United States government's concern has been amply demonstrated. Vice-President Nixon, Secretary of State Dulles, and Dr. Milton Eisenhower have returned from Latin American tours with specific recommendations.

**JOINT EFFORTS.** One principle which all three statesmen have emphasized is that the bolstering of Latin American economy must be a joint effort, with the other Americas offering their full share of cooperation. This means that both sides must recognize and carry out both duties and responsibilities. It means, too, that the role of trade in the diplomatic relationships among the Americas must never be underplayed.

It is not easy to contest the reasons why Latin American governments feel that they deserve more assistance from the United States in developing their wealth of resources. But their leaders must make a mature decision as to the ultimate role of coffee in their respective scheme of things. Coffee has played a leading role in the development of most of the producing countries. But can it be expected to continue indefinitely as their only main staff of economic life?

Should it not be treated as only one of several sources which can broaden the incomes and widen the economic horizons of those countries which have other resources?

Ten years ago, there were 145 million people in Latin America—about equal to our own population at that time. But as of just a year and a half ago, the population of these republics exceeded that of the United States by ten million. And if their growth continues at its present rate, they will have 215 million by 1965. By the year 2,000—just 41 years from now—Latin America's population is expected to reach the staggering figure of one-half billion people!

**GREAT EXPECTATIONS.** Even the most humble of these people now know that low living standards are neither universal nor inevitable, and they therefore impatiently insist that remedial actions be taken. They yearn for, and are ready to pressure and bargain for better standards of living. They demand the opportuni-

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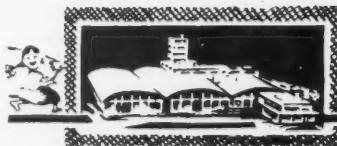
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ties for progress. But coffee alone might no longer be able to supply the principal means to meet their demands.

The Finance Minister of Brazil, Mr. Lucas Lopes, recently made public his recognition of this fact. He said that Brazil is still failing to take proper advantage of her export possibilities with such products as ores, oil-bearing seeds, vegetable fibers, lumber, fruit, butter and other agricultural commodities. Five Central American nations likewise are probing for new sources of revenue. They have agreed on certain initial principles to govern a regional common market so that they might attempt more industrialization.

It appears certain that diversification of sources of revenue for the Latin American nations, and guarantees that would encourage foreign capital investments, should be part of any prescription to bolster the shaky economies which are handicapping their development. Such an objective would help them. It would also help to achieve a more stable coffee industry. And in helping coffee, it would be a great advantage to inter-American trade in all categories.

Endorsement of the development of new contributions to the Latin American economies is not to be construed as a recommendation that coffee commerce should be reduced to a minor role. Coffee is now the sole or partial source of livelihood for millions of people, not only in the producing countries but also in the United States and other consuming countries. Coffee must continue to sustain these people and many more as the world population increases.

**COFFEE SOLUTION.** Although the coffee industry today is confronted with a serious problem of surpluses, all sections of the trade are making a conscientious effort to meet this challenge and work out a solution satisfactory to all concerned. During the past year the Coffee Study

Group has been meeting in Washington with the specific assignment of recommending action to minimize the depressing influence of coffee surpluses on the industry.

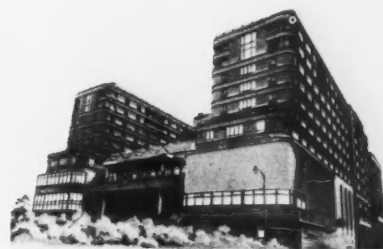
While an increase in coffee consumption cannot, by itself, absorb a very large portion of these excess stocks, an intensified campaign in that direction would seem sensible. At the most recently held National Coffee Association convention the U.S. trade was urged to amplify its promotional activities.

An estimated 380 million cups of coffee are consumed each day in the United States. Unfortunately, however, most of these cups contain a weak, watered-down brew. Which means that consumption of coffee by the pound—and that is the real measure of industry volume—is far below what it could and should be. If every coffee-drinker would insist upon a beverage brewed according to the approved formula—and assuming the same 380 million cups were to be consumed daily—the industry would be able to sell 500 million additional pounds of roasted coffee every year. That, in itself, would also be a considerable contribution to the expansion of the inter-American export-import trade and, ipso facto, a "shot in the arm" for the Latin American economy.

Since civilization began, there have been times when political upheavals have begun, wars have erupted, and governments have been overthrown or nations impoverished by events which involved the perilous state of a common but strategic commodity. At times it was rice, at other times control of fishing grounds, and at still another time, petroleum.

There appears to be no danger that coffee will ever be instrumental in an outbreak of global strife. But it is a commodity which, if not maintained in a healthy state, could seriously affect friendly relations among the sister Americas.

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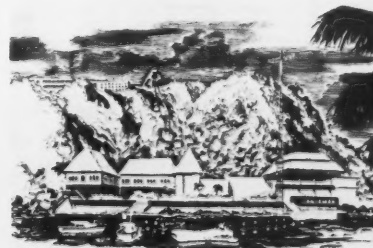
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# BOOKS IN REVIEW....

## INVESTMENT IN ECUADOR

167 pp., U. S. Department of

Commerce, \$1.00

The U. S. Department of Commerce has just issued Volume eighteen in its too little published foreign investment series. Covering everything that a would-be U. S. (or other) investor would need to know about a country, the books also provide an invaluable general reference source to foreign nations.

The latest book covers Ecuador, and shows that while agriculture is still the nation's mainstay, with crop production and income decisively influencing growth of all other sectors of the economy, efforts have been intensified in recent years to expand industrial development. In addition to traditional agricultural enterprises, new activities such as food processing, mineral exploration, fishing, and manufacture of consumer goods employing technical and production skills and modern distribution methods warrant an investor's consideration.

Domestic agriculture supplies most of the nation's food needs, but considerable imports of foodstuffs, the most important of which is wheat, are required. Although the value of crop

production has grown rapidly in recent years, principally because of the dynamic expansion of banana output, large areas of arable land are still available for cultivation. Ecuador's climate and soil are ideal for both temperate and tropical crops, but a relative few constitute the major part of production, and bananas, coffee and cacao remain Ecuador's principal exports.

Processing of foodstuffs, such as flour milling and manufacture of flour products, sugar milling, and production of edible oils and fats, is the republic's leading industry, accounting for 42 percent of the total gross value of output, the study states. Other principal industries are production of textiles, beverages, petroleum derivatives, chemicals, and pharmaceuticals.

Little has been done to develop a market for by-products of flour mills and the market demand for textiles is only partially met by domestic production. Manufacturers of insecticides, pesticides and fertilizers do not satisfy increasing local demand. The manufacture of stone, clay and glass products lags far behind requirements which have stimulated the interest of both public and private initiative. Total output of local iron and steel products account for not more than 20 percent

of domestic sales, and machinery, vehicles and instruments, none of which are made locally, have consistently led all other Ecuadorian imports in value.

Ecuador's fisheries are a source of wealth that has only recently been recognized and the nation's forests contain many valuable species, but lumbering has been confined to readily accessible areas.

Geological characteristics of the country suggest the presence of many types of minerals, and specimens of a wide variety have been found, including manganese, iron, zinc, antimony and titanium. Extensive concessions have been granted by the Government for exploration and development of petroleum. Production has outstripped local refining facilities which are inadequate to process the volume of crude output and to satisfy domestic demand for refined products.

U. S. firms are represented in food processing, oil exploration, development and refining, banana and pyrethrum production, lumbering and wood processing, fishing, and the manufacture of tires and rubber goods, beverages and pharmaceuticals.

The Ecuadorian Government welcomes foreign capital for all forms of investment which will aid the economy. Legislation generally makes no distinction between domestic and foreign nationals and companies in the right to engage in business. Full or partial tax exemptions, other than income, are allowed to manufacturing industries considered beneficial to the country's growth. Industrialization is encouraged by exemptions from customs duties for approved enterprises and by a recently adopted investment law designed to stimulate greater investment.

The handbook is in three parts, Part 1 provides a brief background survey of the Republic and discusses the role of the Government in business and the climate for private investment. Part 2 examines in detail the important sectors of the Ecuadorian economy, and Part 3 reviews the principal provisions of the country's business and tax laws. Appendixes containing a list of U. S. firms in Ecuador and other supplementary data complete the study. It may be purchased from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., or any of the Department of Commerce Field Offices.

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